

City of Fresno
Water, Wastewater/Sewer and Solid Waste Rate Increases

Frequently Asked Questions (FAQ)

1. Why are these rate increases needed?

Over the last 5 years, the cost for raw materials, fuel, chemicals, labor and equipment all have increased significantly. These inflationary costs, new regulatory requirements requiring major capital improvement projects and the repair or replacement of aging infrastructure have significantly depleted reserves and annual operational funds. Rate increases are required to maintain the current level of utility service for our customers and to remain compliant with State and Federal regulations.

2. What utility rates will be increased?

Utility rates for water, wastewater/sewer and solid waste services received from the City of Fresno will be increased. Community Sanitation fees for street sweeping, litter control and Operation Clean Up (OCU) will not be increased.

3. Is this rate increase going to pay for better utility services?

The rate increase is needed to maintain the current level of service for all City of Fresno public utility customers. Inflationary cost pressures have increased our utility operating costs. At the same time, major infrastructure within the City of Fresno's utility system requires replacement to protect public health and safety. Without this funding from increased rates, the City could receive fines for regulation violations and customers could experience reduced service levels.

4. When will I see these rate increases show up on my utility bill?

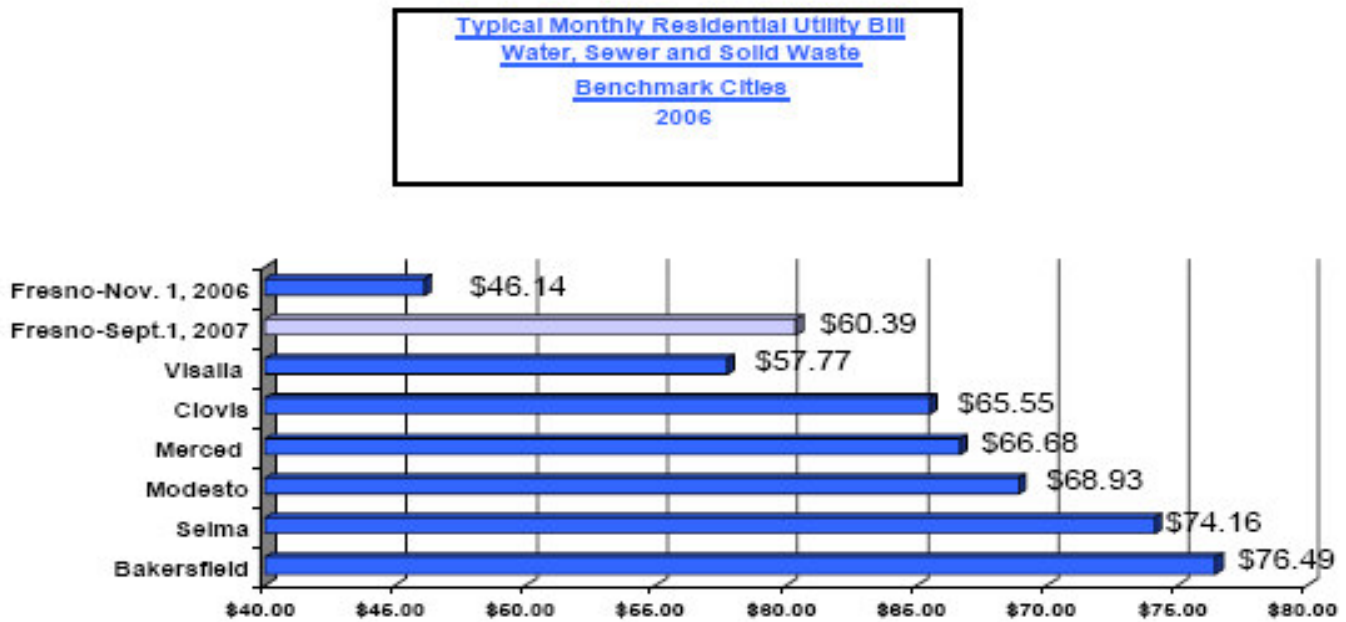
The first utility billing that includes utility services provided after April 1, 2007.

5. How do our rates compare with other cities in the area?

How do Fresno's Utility Rates Compare With Other Valley Cities?

(See Chart on next page)

How do Fresno's Utility Rates Compare With Other Valley Cities?



The above chart shows that Fresno's utility rates for water, sewer and solid waste are currently well below other cities in the Central Valley. A 2005 report by Black & Veatch engineering consultants showed that for a major city, Fresno has the lowest water and sewer rates in the nation. Including the two proposed utility rate increases in April and September of 2007, Fresno will have a monthly residential utility rate of \$60.39 for water, sewer and solid waste. Fresno's total utility rates for water, sewer and solid waste will then be the second lowest of the above Valley cities.

6. What referral phone number in Public Utilities can we give our customer service representatives if they cannot answer the caller's questions?

Utility Billing Questions: (559) 621-6888

Water Division

Water Questions: (559) 621-5300

Wastewater/Sewer Division

Wastewater/Sewer Questions: (559) 621-5100

Solid Waste Division

Solid Waste Questions: (559) 621-1452

7. What is the status of the Senior Citizen Discount Rate?

The Senior Citizen discount rate for Water, Wastewater and Solid Waste will remain in effect. Although the rate increases will affect all customers, the discount for qualified seniors will maintain the same method of calculation. For a copy of the **Senior Utility Discount Form or Start/Stop Service Form**. Go to: www.fresno.gov – and then to Online Services & Forms, Click: For Residents (right side) – Click: Senior Utility Discount Form or Start and Stop Service Form.

8. How are the utility rates calculated?

Utility rates are calculated based on the cost of operating and maintenance expenses such as labor, supplies and materials, capital expenditures for infrastructure such as buildings, trucks and pipelines, debt service payments on bonds and other debt, and adequate reserves for meeting all capital and operating needs. The historical and projected costs were input into a financial rate model developed by expert, outside rate consultants using reasonable assumptions for future growth and inflation. The financial rate models were used to determine the utility rates needed to meet all current and projected cost obligations. Please contact the City Clerk's Office at (559) 621-7650 to obtain a copy of the Utility Rate Study Reports.

9. Is there going to be a low-income or lifeline rate?

The Utilities Commission did recommend the implementation of a low-income or lifeline rate. A larger more encompassing program is being investigated. Currently, an income based discount is not being offered.

10. Is this a new charge for service?

These proposed rate increases are increases in existing service charges. They are not for new service charges.

11. I know all this new growth is consuming resources; who is paying for the "expanded capacity"?

Developers either pay fees to the City and the City constructs required infrastructure or the developer constructs the appropriate infrastructure necessary to support growth. Developer fees are adjusted as expenses increase or projects are added. Developer fees adjustments require Council approval and do not require a Proposition 218 process.

12. What will happen if I refuse to pay this rate increase?

You will be notified by mail that your account is delinquent and if payment is not received, utility services could be stopped.

13. How long will these rates be in effect?

These rates will remain in effect indefinitely or until the Mayor and the City Council decide to change them.

14. Will there be additional rate increases?

There are five rate increases proposed, varying in amount, starting April 1, 2007 and ending September 1, 2010. Future rate adjustments after 2010 will require additional analysis and consideration.

15. How did the City approve the rate increase?

City Council gave direction to City Staff to proceed with the Proposition 218 process which includes a public protest vote and hearing. Starting January 8, 2007 each property owner was mailed a notice outlining the need for the rate adjustments and notifying them of the opportunity to file a protest and attend a hearing scheduled for February 27, 2007. Upon conclusion of the protest tabulation and the hearing, Council approved the rate increases.

16. How can I protest the rate increases?

Following Proposition 218 guidelines, the time for official protest ended February 27, 2007 at the City Council hearing. However, if you wish to send a letter for the record, address the letter to: Rene Ramirez, Department of Public Utilities Director
2600 Fresno Street, Fresno, CA 93721

You can also go to the City's web site and Email letter:

<http://www.fresno.gov/Government/DepartmentDirectory/PublicUtilities> -

Click: Contact Public Utilities (left side of page).

17. Where can I get more information about these rate increases?

Utility rates are calculated based on the cost of operating and maintenance expenses such as labor, supplies and materials, capital expenditures for infrastructure such as buildings, trucks and pipelines, debt service payments on bonds and other debt, and adequate reserves for meeting all capital and operating needs. The historical and projected costs were input into a financial rate model developed by expert, outside rate consultants using reasonable assumptions for future growth and inflation. The financial rate models were used to determine the utility rates needed to meet all current and projected cost obligations. Please contact the City Clerk's Office at (559) 621-7650 to obtain a copy of the Utility Rate Study Reports.

18. Where and when was the public hearing on the rates?

The public hearings were held on Tuesday, February 27, 2007 at 5:00 p.m. in the City of Fresno Council Chamber located at Fresno City Hall, 2600 Fresno Street in Fresno.

19. What is Proposition 218 and how does it affect these rates?

Any rate utility rate increases must conform to the protocols established by Proposition 218. Proposition 218, the "Right to Vote on Taxes Act" requires government agencies to follow specific rules for establishing new or adjusting existing rates. The rate studies used to support the City's rate recommendations are compliant with requirements of Proposition 218. An overview of the procedures and requirements for a Proposition 218 process are:

- No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional specific benefit conferred on that parcel.

- The amount of the proposed assessment for each identified parcel shall be calculated and the record owner of each parcel shall be given written notice by mail.
- The agency shall conduct a public hearing upon the proposed assessment not less than 45 days after the mailing.
- If written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge.

20. What is the Utility Commission and who is on it?

In May, 2006, the City Administration determined that a Utility Commission should be formed to review the justification for any utility rate adjustments. The Mayor made this announcement during his May 25, 2006 State of the City speech.

On June 13, 2006, City of Fresno Utility staff presented to City Council an overview of the December 2005 utility rate studies and communicated to Council that Utility staff would return with a request to form a Utility Commission. On June 27, 2006, Council approved the proposed Utility Commission Charter and formation of a Utility Commission. The resultant 11 members of the Utility Commission are private citizens appointed by the Mayor (4 appointees), and the 7 Council Members (1 appointee each). Their first meeting occurred on July 11, 2006 and they were asked to report on their conclusions by November 1, 2006, which they did. After thoughtful and careful deliberations, they recommended that the proposed utility rate increases be adopted.

21. How can I obtain a copy of the Utility Commission's Final Report?

You can go to the City's home page and click on the "Commissions" link on the bottom right side of the page, then click on the "Fresno Utility Rate Commission" link, then click on the "Utility Commission Final report" link, which opens a PDF file (requires Adobe Acrobat Reader software on your PC) that is the final report .

22. I don't have utility services with the City of Fresno. Will these rate increases affect me?

County of Fresno Residents and Businesses

County properties located within the City do not receive solid waste services and their solid waste rates will not be affected by this notice. However, some properties do receive water, wastewater/sewer or both utility services from the City and your utility rates will be affected based on the type of service provided as shown in the Notice of Public Hearing.

Residents and Businesses located within the Bakman Water Company

Properties located within the Bakman Water Company do not receive water service from the City and their water rates will not be affected by this notice. However, some properties do receive solid waste, wastewater/sewer or both utility services from the City and your utility rates will be affected based on the type of service provided as shown in the Notice of Public Hearing.

Residents and Businesses located within Pinedale Public Utility District (PPUD)

Properties located within PPUD do not receive wastewater/sewer services from the City and their wastewater/sewer rates will not be affected by this notice. However, some properties do receive solid waste, water or both utility services from the City and your utility rates will be affected based on the type of service provided as shown in the Notice of Public Hearing.

Residents and Businesses located within Pinedale County Water District (PCWD)

Properties located within PCWD do not receive water or wastewater/sewer services from the City and their water and wastewater/sewer rates will not be affected by this notice. However, some properties do receive solid waste services from the City and your utility rates will be affected based on the type of service provided as shown in the Notice of Public Hearing.

Residents and Businesses located within the Herndon Water Company Service Area

Properties located within the Herndon Water Company Service Area do not receive water or wastewater/sewer services from the City and their water or wastewater/sewer rates will not be affected by this notice. However, some properties do receive solid waste services from the City and your rate will be affected as shown in the Notice of Public Hearing.

23. I have not yet received any utility billing from the City of Fresno during the month of February, 2007? Why?

Due to the proposed utility rate increases and the Proposition 218 process that involved a protest hearing on February 27, 2007, all utility bills normally sent out during the month of February, 2007 were delayed and will be sent out in March, 2007. You will have the full 25 days to pay your bill. **To check Utility Billing history or Pay Utility Bill:** Go to: www.fresno.gov – and then to Related Online Resources (bottom right), Click: Pay Utility Bill.